

TNInvestco Reporting Documents required by PC610 of 2009 and Timeline

What: TNInvestco's Report on Designated Capital to ECD

When: Within 30 Days of Receipt of Designated Capital

Details: The report should include: (A) The name of each participating investor from which the designated capital was received, including such participating investor's insurance tax identification number; (B) The amount of each participating investor's investment of designated capital; and (C) The date on which the designated capital was received.

Responsible: TNInvestcos to provide to ECD

Where: Section 11 (a) (1) (A-C) - pg. 10 in PC 610

What: Qualified TNInvestco Letter from ECD

When: By December 31, 2009

Details: The TNInvestco will receive, no later than December 31, 2009, a written notice from the department of economic and community development stating whether or not it has been approved as a qualified TNInvestco and, if applicable, stating the amount of its investment tax credit allocation.

Responsible: ECD to provide to TNInvestcos

Where: Section 6 (e) - pg. 7 in PC 610

What: TNInvestco's Report on Remaining Designated Capital

When: By January 31 of each year (*The 2010 report will not have all of the info. compiled and available from the TNInvestco's to be included in the report)

Details: The report will include: (A) The amount of the qualified TNInvestco's remaining un-invested designated capital at the end of the immediately preceding taxable year; (B) Whether or not the qualified TNInvestco has invested more than fifteen percent (15%) of its total designated capital in any one business; (C) All qualified investments that the qualified TNInvestco has made in the previous taxable year, including the number of employees of each qualified business in which it has made investments at the time of such investment and as of December 1 of the preceding taxable year; and (D) For any qualified business where the qualified TNInvestco no longer has an investment, the qualified TNInvestco must provide employment figures for that company as of the last day before the investment was terminated. Other information that the department may reasonably request that will help the department ascertain the impact of the TNInvestco program both directly and indirectly on the economy of the state of Tennessee.

Responsible: TNInvestcos to provide to ECD

Where: Section 11 (a) (2) (A-D) - pg. 10 & 11 in PC 610

*Section 11 (a) (3) – pg. 11 may require additional reporting requirements

What: Qualified Business Form

When: Before a TNInvestco Invests in a Business

Details: Prior to making a proposed qualified investment in a specific business, a qualified TNInvestco must request from the department of economic and community development a written determination that the proposed investment will qualify as a qualified investment in a qualified business or, if applicable, a seed or early stage investment. The department shall notify a qualified TNInvestco within ten (10) business days from the receipt of a request of its determination. If the department fails to notify the qualified TNInvestco of its determination within ten (10) business days, the proposed investment will be deemed to be a qualified investment in a qualified business and, if

applicable, a seed or early stage investment. If the department determines that the proposed investment does not meet the definition of a qualified investment, qualified business, or seed or early stage investment, the department may nevertheless consider the proposed investment a qualified investment, or a seed or early stage investment, and if necessary, the business a qualified business, if the department determines that the proposed investment will further state economic development.

Responsible: TNInvestcos to provide to ECD

Where: Definition in Section 3 (10) (A) - pg. 2 & 3 and Section 7(b) – pg. 8 & 9 in PC 610

What: Qualified Business Letter from ECD

When: Within 10 days of receipt of a Qualified Business Form from TNInvestcos

Details: Prior to making a proposed qualified investment in a specific business, a qualified TNInvestco must request from the department of economic and community development a written determination that the proposed investment will qualify as a qualified investment in a qualified business or, if applicable, a seed or early stage investment. The department shall notify a qualified TNInvestco within ten (10) business days from the receipt of a request of its determination. If the department fails to notify the qualified TNInvestco of its determination within ten (10) business days, the proposed investment will be deemed to be a qualified investment in a qualified business and, if applicable, a seed or early stage investment. If the department determines that the proposed investment does not meet the definition of a qualified investment, qualified business, or seed or early stage investment, the department may nevertheless consider the proposed investment a qualified investment, or a seed or early stage investment, and if necessary, the business a qualified business, if the department determines that the proposed investment will further state economic development.

Responsible: ECD to provide to TNInvestcos

Where: Definition in Section 3 (10) (A) - pg. 2 & 3 and Section 7(b) – pg. 8 & 9 in PC 610

What: Annual Review by ECD

When: TBD

Details: The department of economic and community development shall conduct an annual review of each qualified TNInvestco to determine if the qualified TNInvestco is abiding by the requirements of the program and to ensure that no investments have been made in violation of this chapter. The cost of the annual review shall be paid by each qualified TNInvestco according to a reasonable fee schedule adopted by the department. (b) The department shall provide the qualified TNInvestco a summary of findings including any areas of noncompliance. The qualified TNInvestco shall have sixty (60) days to cure any areas of noncompliance. Failure to cure the areas of noncompliance within sixty (60) days shall result in a penalty of ten thousand dollars (\$10,000) per day until the noncompliance is cured. The proceeds from any such penalty shall be deposited into the Tennessee Rural Opportunity Fund to further the state's economic development efforts. Funds related to the investment tax credit shall not be used to pay the penalty imposed under this section.

Possible Additional things to Include in Annual Review: "Qualified Distributions" of each TNInvestco per definition in Section 3 (11) on pg. 3 in PC 610.

Responsible: ECD to conduct on each TNInvestco

Where: Section 12 (a-b) - pg. 11 & 12 in PC 610

What: Agreed upon Procedures Report

When: TBD

Details: An “agreed upon procedures report” or equivalent regarding the operations of the qualified TNInvestco.

Responsible: TNInvestcos to provide to ECD

Where: Section 11 (5) - pg. 11 in PC 610

What: Audited Financial Statements

When: Within 180 days of the close of the TNInvestco’s fiscal year

Details: Within one hundred eighty (180) days of the close of its fiscal year, annual audited financial statements of the qualified TNInvestco, which must include the opinion of an independent certified public accountant.

Responsible: TNInvestcos to provide to ECD

Where: Section 11 (4) - pg. 11 in PC 610

What: Annual Certification Fee

When: On or before April 1 (*Begins in 2011)

Details: A qualified TNInvestco must pay to the department of economic and community development an annual, nonrefundable certification fee of five thousand dollars (\$5,000) on or before April 1, or ten thousand dollars (\$10,000) if later. No annual certification fee is required if the payment date for such fee is within six (6) months of the date a qualified TNInvestco is first certified by the department.

Responsible: TNInvestcos to provide to ECD

Where: Section 11 (b) - pg. 11 in PC 610

What: Section 7 Compliance Letter to ECD

When: Upon satisfying requirements of subdivision (a)(1) of Section 7

Details: Upon satisfying each of the requirements of subdivision (a)(1) of Section 7, a qualified TNInvestco shall provide notice to the department of economic and community development and the department shall, within sixty (60) days of receipt of such notice, either confirm that the qualified TNInvestco has satisfied such requirement of subdivision (a)(1) of Section 7 as of such date or provide notice of non-compliance and an explanation of any existing deficiencies. If the department does not provide such notification within sixty (60) days, the qualified TNInvestco shall be deemed to have met such requirement of subdivision (a)(1) of Section 7.

Responsible: TNInvestcos to provide to ECD

Where: Section 11 (c) - pg. 11 in PC 610

What: Section 7 Compliance Letter from ECD

When: Within 60 days of receipt of Section 7 Compliance letter from TNInvestcos

Details: Upon satisfying each of the requirements of subdivision (a)(1) of Section 7, a qualified TNInvestco shall provide notice to the department of economic and community development and the department shall, within sixty (60) days of receipt of such notice, either confirm that the qualified TNInvestco has satisfied such requirement of subdivision (a)(1) of Section 7 as of such date or provide notice of non-compliance and an explanation of any existing deficiencies. If the department does not provide such notification within sixty (60) days, the qualified TNInvestco shall be deemed to have met such requirement of subdivision (a)(1) of Section 7.

Responsible: ECD to provide to TNInvestcos

Where: Section 11 (c) - pg. 11 in PC 610

What: Annual Report to the Governor and Legislature

When: TBD (*Will begin in 2011)

Details: The report should include: (a) The number of qualified TNInvestcos holding designated capital; (b) The amount of designated capital invested in each qualified TNInvestco; (c) The cumulative amount that each qualified TNInvestco has invested as of January 1, 2011, and the cumulative total each year thereafter; (d) The cumulative amount of follow-on capital that the investments of each qualified TNInvestco have created in terms of capital invested in qualified businesses at the same time or subsequent to investments made by a qualified TNInvestco in such businesses by sources other than qualified TNInvestcos; (e) The total amount of investment tax credits applied under this section for each year; (f) The performance of each qualified TNInvestco with regard to the requirements for continued certification; (g) The classification of the companies in which each qualified TNInvestco has invested according to industrial sector and size of company; (h) The gross number of jobs created by investments made by each qualified TNInvestco and the number of jobs retained; (i) The location of the companies in which each qualified TNInvestco has invested; (j) Those qualified TNInvestcos that have been decertified, including the reasons for decertification; and (k) Other related information as necessary to evaluate the effect of this section on economic development.

Responsible: TNInvestcos to provide required and requested info. to ECD. ECD to compile the report

Where: Section 13 (a-k) - pg. 13 in PC 610